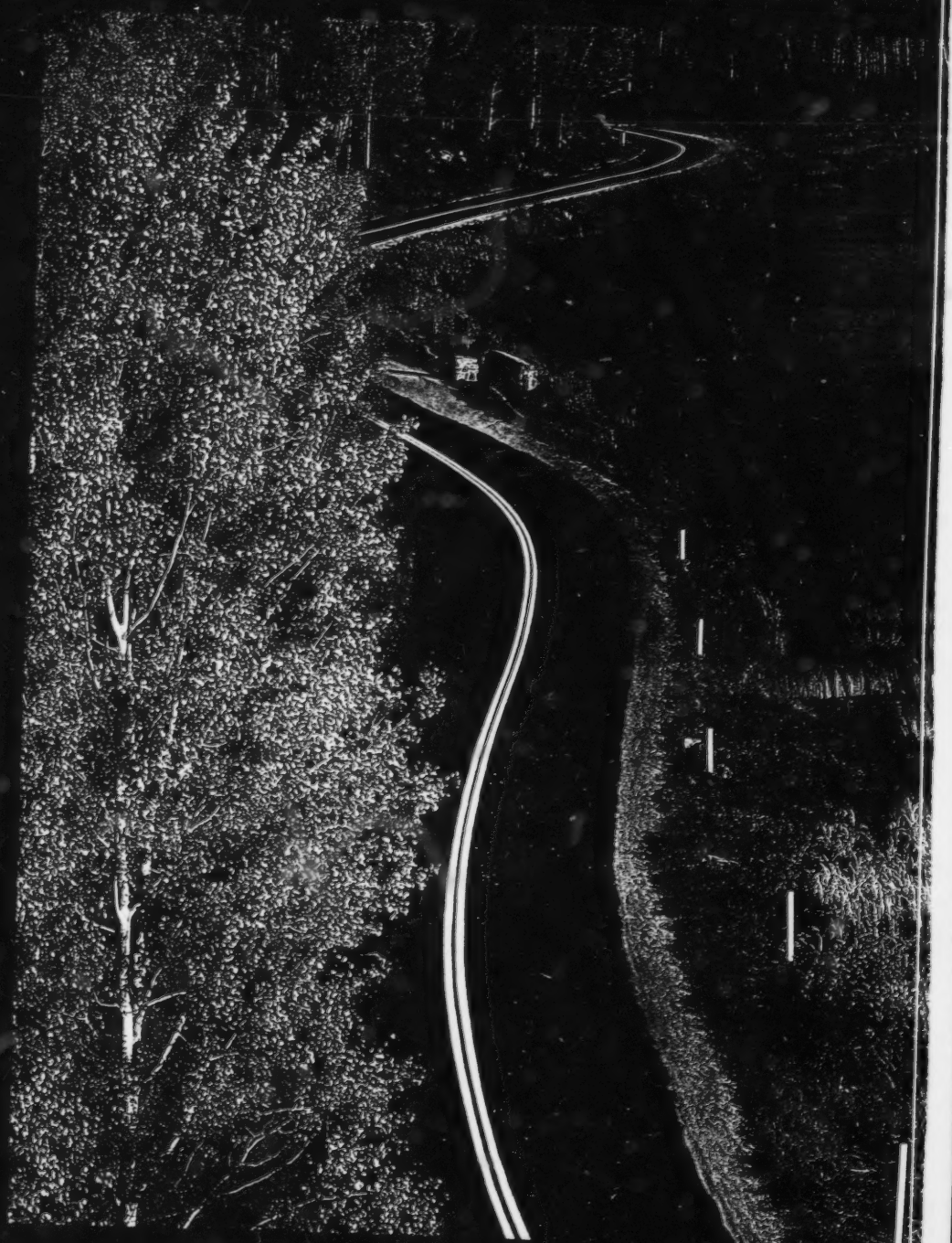
THE MANITOBA PUBLIC INSURANCE CORPORATION



1991 *Annual Report*

93-00605/

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At MPIC, We Value...

Our Customers

Our customers' interests come first

Our People

Our people are encouraged and helped to succeed

Our Relationships

Our actions are based on trust, respect, appreciation and fairness

Excellence & Innovation

Excellence and innovation in our work are recognized and rewarded

The Community

We encourage the involvement of our people and our resources in community affairs

Our Corporate Citizenship

We acknowledge our responsibility to exercise leadership in our role as a corporate citizen

Winnipeg, Manitoba
29 February 1992

Honourable Glen Cummings
Minister Responsible for
The Manitoba Public Insurance Corporation

Dear Sir,

In accordance with Section 43(1) of The Manitoba Public Insurance Corporation Act, I have the honour to present the Annual Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1991.

Respectfully submitted,

Ruth Konzelman
Acting Chairperson of the Board

Winnipeg, Manitoba
1 March 1992

MANITOBA

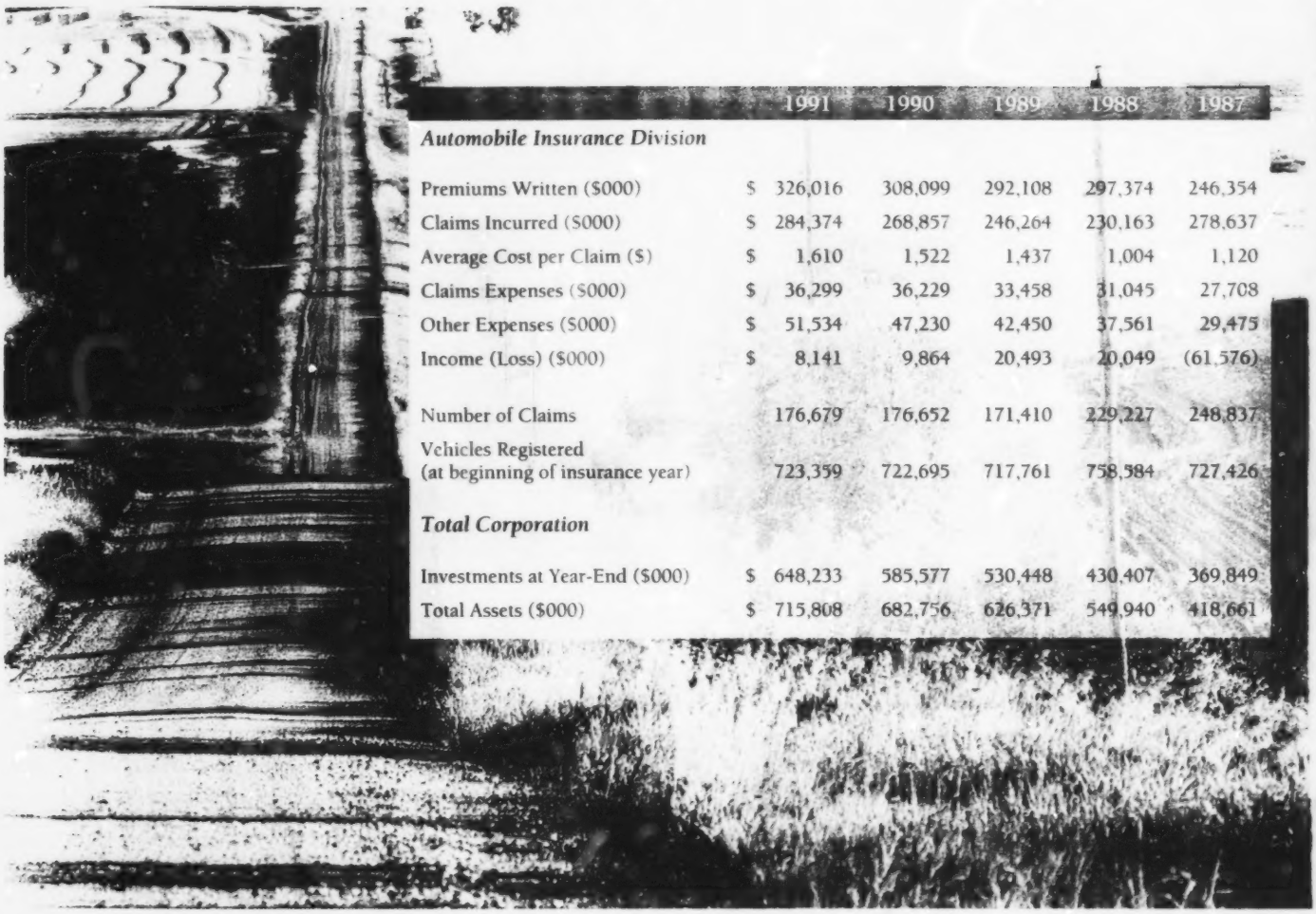
To His Honour
The Honourable George Johnson
Lieutenant-Governor of the Province of Manitoba

May It Please Your Honour,

I have the honour to submit the Annual Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1991.

Respectfully submitted,

Honourable Glen Cummings
Minister



	1991	1990	1989	1988	1987
Automobile Insurance Division					
Premiums Written ($000)	$ 326,016	308,099	292,108	297,374	246,354
Claims Incurred ($000)	$ 284,374	268,857	246,264	230,163	278,637
Average Cost per Claim ($)	$ 1,610	1,522	1,437	1,004	1,120
Claims Expenses ($000)	$ 36,299	36,229	33,458	31,045	27,708
Other Expenses ($000)	$ 51,534	47,230	42,450	37,561	29,475
Income (Loss) ($000)	$ 8,141	9,864	20,493	20,049	(61,576)
Number of Claims	176,679	176,652	171,410	229,227	248,837
Vehicles Registered (at beginning of insurance year)	723,359	722,695	717,761	758,584	727,426
Total Corporation					
Investments at Year-End ($000)	$ 648,233	585,577	530,448	430,407	369,849
Total Assets ($000)	$ 715,808	682,756	626,371	549,940	418,661

Board of Directors

standing left to right

Larry Lepischak is an adjuster at the Portage la Prairie Autopac claims centre. •

J. Walter Bardua is the President and General Manager of MPIC. ■ • ◆ ✣

Fay Campbell is a corporate account executive with Marlin Travel in downtown Winnipeg. ■ ◆

Board Committees
- ■ Executive
- • Audit
- ◆ Planning/Budget
- ✣ Compensation

seated left to right

Donna King is an agency development co-ordinator in MPIC's Corporate Marketing and Agency Development Department and a former insurance broker. ◆

Ruth Konzelman operates Rutchard Enterprises, Ltd. and is business manager for Selkirk's Main Dental Group. ■ • ◆ ✣

Jack MacIver, a former president of the Manitoba Motor Dealers Association, owns Midway Chrysler Plymouth in Winnipeg. ■ ✣

Brock G. Lee is a partner with the Carman law firm of Lee and Lee Barristers. • ✣

Corporate Officers

standing left to right

Barry Galenzoski
Vice-President
Finance and Administration

John Broere
Vice-President
Corporate Information Systems

Robert Best
Vice-President
Human Resources

Shanti Kapoor, Q.C.
Vice-President
General Counsel and Corporate Secretary

David Kidd
Vice-President
Insurance Operations and
Assistant General Manager

seated left to right

J. Walter Bardua
President and General Manager

Grahame Newton
Vice-President
Corporate and Community Relations

Jack Zacharias
Vice-President
Claims

Chairperson's report & president's report

I am very pleased to be associated with MPIC on the occasion of its twentieth anniversary. The Corporation's accomplishments, many of which are detailed in this annual report, are considerable.

The insurance protection provided by the Autopac program is among the best in North America. Compulsory and optional coverages are available from about 400 agencies throughout the province. Claims service is easily accessible at offices and drive-in centres located in 13 communities.

At the same time, the Corporation continues to play an increasingly broad role in the community through its safety initiatives and education programs.

I want to take this opportunity to congratulate the many individuals who have been involved with MPIC throughout its history, as well as those who are currently contributing to its success.

On that note, I welcome several new members to the Board. Fay Campbell is an account executive with a Winnipeg travel agency, while Brock Lee is a partner in a Carman law firm. Donna King, an Autopac agency training co-ordinator and former Autopac agent, joined as one of two employee representatives on the Board.

I would also like to thank all Board members, management and staff for their commitment over the past year and I look forward to another productive year in 1992.

Ruth Konzelman

Acting Chairperson

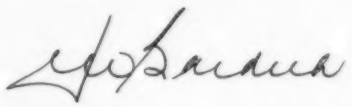
In our twentieth year, we proudly reflect on, and celebrate, two decades of serving motorists throughout the province.

Credit for MPIC's success must go to our employees—many of whom have served the Corporation since 1971—as well as to our network of agents. These groups have demonstrated dedication and caring in fulfilling our customers' needs. Their efforts deserve special mention as we mark the Corporation's 20-year milestone.

Since our inception in 1971, we have continually adapted the automobile insurance program to better suit our customers. In doing so, we have undertaken many initiatives, ranging from the introduction of Dial-a-Claim to eliminate line-ups at claims centres to increasing the level of benefits for accident victims.

It is appropriate, then, that in our twentieth year we embarked on our most extensive service improvement initiative to date. In fact, it marks the first large-scale redevelopment of the automobile insurance program since 1971. We are working on several major projects which, when introduced in 1993, will significantly change the way we deliver automobile insurance to our customers. This undertaking is designed to ensure that the Autopac program continues to evolve to meet Manitobans' changing needs and expectations in years to come.

With this project, as in the past, we'll rely on the dedication of our employees and agents to maintain our commitment to providing quality insurance protection to Manitobans.



J. Walter Bardua

President and General Manager

Manitoba's Public Automobile Insurer for Two Decades

This year, as in each of our 20 years as Manitoba's public automobile insurer, we built upon the principle that the Manitoba Public Insurance Corporation is here to serve the people of this province — whether they live in the heart of Winnipeg's Exchange District or on a farm in the Carrot River Valley.

We want to be counted among these people — especially among the groups and individuals who are making their communities a better place to live. For us, the key is to work effectively with them for the benefit of all Manitobans.

Over two decades, we have established many natural relationships. We work with the repair industry to get vehicles back on the road quickly, and in a safe condition. The police know they can count on us to support and encourage traffic safety programs. Insurance brokers — through a 400-strong network of agencies across Manitoba — look to us for the specialized training and technical support that assists them in meeting the needs of their clients.

Today, we are broadening these links. Each division of MPIC has initiated, and is maintaining, unique relationships with groups affected by our business — organizations like the Manitoba Safety Council, Manitoba Trucking Association and Canadian Paraplegic Association. A continuing, healthy injection of diverse views and outside expertise is the result. And that makes us a more sensitive organization — one that is equipped to listen and learn and to better understand the needs of others.

The initiative to forge these links often comes from our employees. In 1987, for example, a fledgling organization was set up to help survivors of head injuries, many of whom were injured in vehicle accidents.

Autopac Claims by Location (Nov.1/90 - Oct.31/91)

* Bodily injury claims are also taken at claims centres

WINNIPEG, NORTH	24,975
WINNIPEG, WEST	21,891
WINNIPEG, SOUTH	23,288
WINNIPEG, SOUTH CENTRAL	20,535
WINNIPEG, NORTH CENTRAL	16,664
WINNIPEG, COMMERCIAL	1,082
WINNIPEG, BODILY INJURY *	5,889
SUBTOTAL	**114,324**
STEINBACH	6,446
BRANDON (INCLUDING OUT OF PROVINCE)	21,438
DAUPHIN	5,527
THE PAS	1,760
FLIN FLON	1,274
SWAN RIVER	1,996
PORTAGE LA PRAIRIE	5,921
WINKLER	4,711
SELKIRK	6,627
THOMPSON	4,307
ARBORG	1,237
BEAUSEJOUR	1,111
SUBTOTAL	**62,355**
CORPORATION TOTAL	**176,679**

We review both basic and extension Autopac packages constantly to ensure they continue to meet our customers' needs.

People in our injury claims department saw the opportunity to reach out to the Manitoba Head Injury Association. Today, we have a better understanding of the MHIA's needs and their members have greater access to information about our coverages.

Universality and Fairness

The principle of universality is key to our Autopac insurance package. Twenty years ago, the Corporation was created to make basic automobile insurance coverage available to all Manitoba motorists at a reasonable cost.

This philosophy continues to guide our actions. That's why, over the years, income generated on operations has been, and continues to be, reinvested in the insurance program to help control the rate of premium increases.

PERSPECTIVE

'North of 53,' lies a land that is vast and unique. But while this region of evergreen forests, numberless lakes and, finally, coastal tundra, covers two-thirds of the province, only about 65,000 people live here.

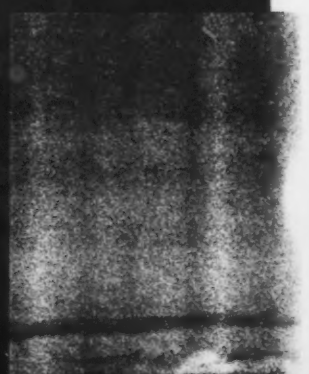
Settlements are scattered throughout the north and that means MPIC's people, headquartered at centres in Thompson, Flin Flon and The Pas, cover a lot of ground — about 430,000 square kilometres, as a matter of fact.

The term 'road' adjuster does not do justice to this job in the north. In communities like Churchill on Hudson's Bay, which is not connected to the provincial all-weather road system, adjusters also provide fly-in claims service as needed.

MPIC has been a part of the north since the beginning of the Corporation. The first Thompson centre was opened in our first year and a new, convenient drive-through centre built in 1989. New buildings were also opened in Flin Flon and The Pas during the late 1980's to allow us to improve service to our customers. Originally, The Pas and Flin Flon were served by road adjusters based in Dauphin, but permanent offices were opened in 1973.

During 1990/91, 21 skilled and dedicated employees handled more than 7,300 new claims through our three northernmost centres. As in all parts of the province, insurance brokers also offer the full range of Autopac products in northern Manitoba communities.

The grandeur and beauty of the north are the characteristics that first strike people when they visit this region. But people who live there — including our people — say that it is the vigorous and healthy quality of life that makes this region one of Manitoba's best.



Investment income helps us achieve this. Most of MPIC's income comes from Autopac and driver's licence premiums. But part of it — $59.7 million this year — comes from interest generated by our investment of funds which are not needed immediately to pay claims.

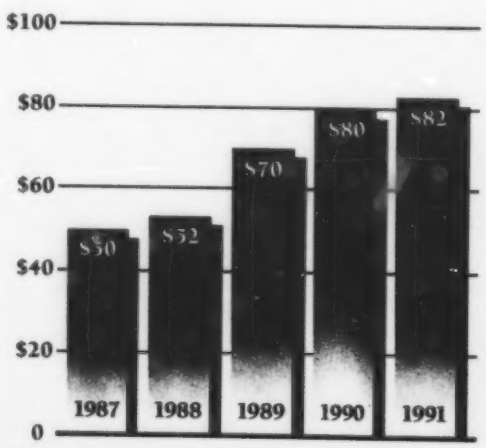
This income, which varies from year-to-year, depending upon interest rates and the funds available for investment, reduces the amount of revenue needed from Manitoba motorists. If not for this source of revenue, the average Autopac premium would have been $82 — or 18 per cent — higher in 1990/91. Last year's investment income contribution was $80 per policy.

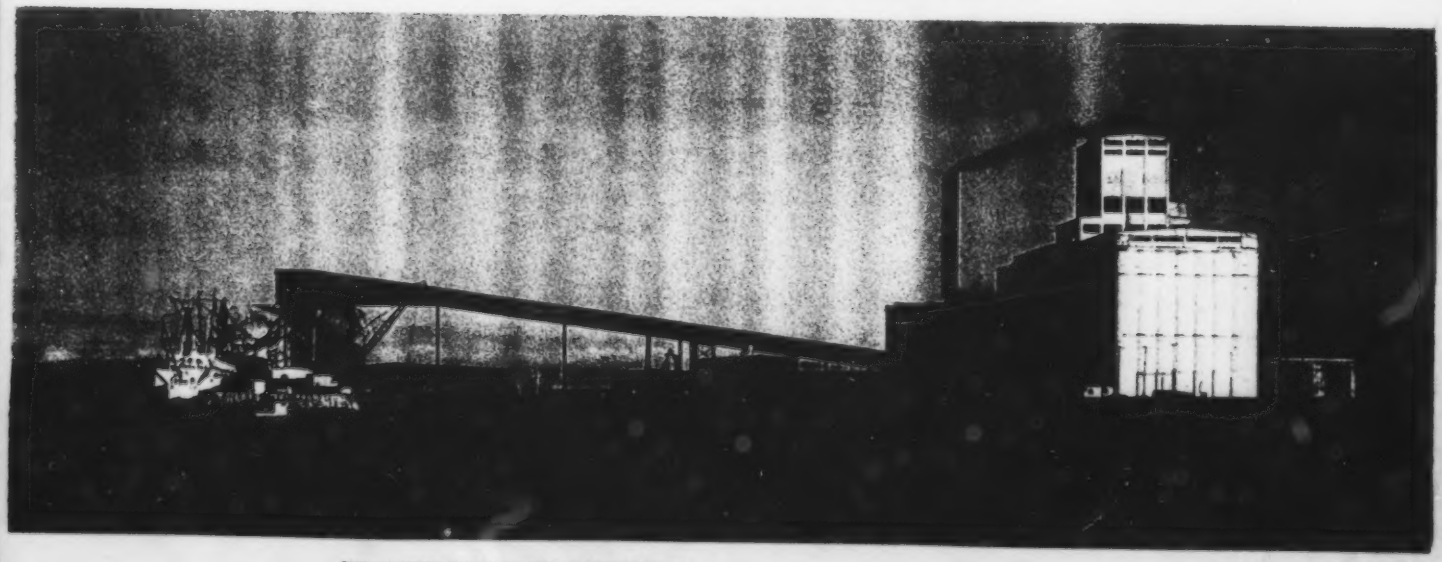
MPIC's investments benefit all Manitobans. Many of the securities purchased as investments are Manitoba municipal and school division bonds, which finance the building of municipal, medical and educational facilities around the province.

Another benefit of universality is that here in Manitoba, the problem of uninsured motorists has virtually been eliminated — every person with a valid driver's licence carries Autopac insurance.

Basic Autopac, with no-fault accident benefits, third party liability, underinsured motorist and all-perils coverages, offers excellent protection to each and every motorist. Optional extension coverages complement and enhance this package and allow people to customize their insurance coverages to meet individual needs.

Investment Income - - Average Saving per Autopac Policy





Insurance requirements can change over time. We review both basic and extension Autopac packages constantly to ensure they continue to meet our customers' needs.

Our system is set up to encourage motorists to establish and maintain safe and claim-free driving histories through the application of non-merit premiums, accident surcharges and demerit point additional premiums on drivers with poorer driving records or claims experience. In short, motorists whose actions have shown they present a greater insurance risk pay a suitably larger portion of the insurance cost.

Customer Relations Officer David Petz talks to a person during one of three MPIC public meetings held in Manitoba communities.

PERSPECTIVE

By following the Trans-Canada Highway, many travellers see how Manitoba lives up to its name as a 'Prairie' province. Portage la Prairie, situated on highway 1, is surrounded by the farmers' fields that define Manitoba for so many people.

But it's a short drive north to a very different landscape. The Delta Marsh, by Lake Manitoba, is one of the largest and most important waterfowl wetlands in the continent.

To serve Portage and the area to the north, west and south, MPIC has had claims facilities here virtually since the beginning of the Corporation. By 1977, a new drive-through claims centre building had been opened to meet the needs of claimants in Portage and the surrounding region. Today, 14 MPIC people are a part of the community and handled nearly 6,000 claims from the region during 1990/91.

To turn off #1 and drive south is to enter a country of gently-rolling hills and some spectacular un-prairie-like river valleys and escarpments — especially closer to the U.S. border.

The backroads between Portage and Winkler cross and sometimes re-cross the Pembina River Valley or the Manitoba Escarpment. Both are remnants of ancient rivers or lakes — evidence of the power of geological forces that have shaped the province.

Winkler, one of the fastest-growing communities in the province, is a few kilometres east of the escarpment. Originally, this area — the Pembina Valley — was serviced by road adjusters, mainly from the Portage office.

Today, 11 MPIC people serve Manitobans from Winkler, expertly handling 4,700 claims this year. A new centre was opened in a renovated building during 1977, allowing us to improve service to the entire south-central region.

The term 'Festival Country' is commonly applied to the Pembina Valley, but it's a name that could apply equally well to the Portage district as well. At these centres across the region, MPIC people volunteer to serve their towns.

This system means another principle of fairness is met — discriminatory factors such as age, sex and marital status are not used to calculate premiums.

MPIC's Bottom Line — Working for Manitoba

MPIC is working to keep costs in check and to maintain automobile insurance rates at a reasonable level. For most motorists, basic premiums were raised in March, 1991 by 5.5 per cent or less. Motorists eligible for the merit discount program benefitted from reduced extension coverage rates.

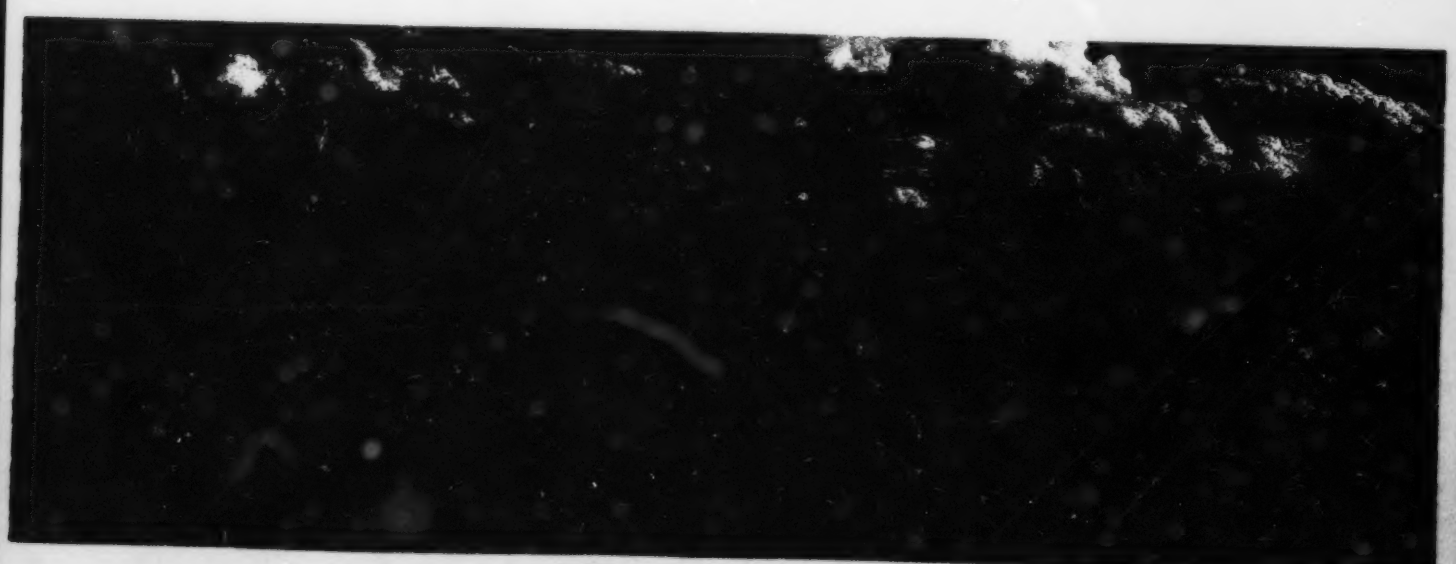
The Automobile Insurance Division reported net income of $8.1 million, compared to $9.9 million the previous year. Results this year are better than originally forecast primarily because the number of claims was lower than expected.

This net income was placed in the Corporation's rate stabilization reserve. At the end of the fiscal year, the reserve stood at $49.5 million, or 15 per cent of direct premiums written. This level is within the range targeted by the Corporation.

The reserve adds a measure of stability to cyclical variations in the insurance business. For example, a sharp increase in claims due to adverse weather conditions would result in large cost increases. Funds from the reserve can be used to offset these costs, mitigating the possibility of significant premium increases or the accumulation of a large deficit.

Total earned revenues in 1990/91 rose to $380.4 million from $362.2 million. This consisted of $320.7 million in premiums earned for vehicle and driver's licence policies and $59.7 million earned through income on investments. These represent increases of $16.1 million and $2.1 million, respectively, over last year.

Total claims costs, including claims adjusting expenses, were $320.7 million this year, a $15.6 million increase from the previous year. This increase is attributed to the effects of the Goods and Services Tax and higher vehicle repair and injury claims costs.



Settling claims quickly, fairly and with appropriate cost control are the principal objectives of our Claims Department.

The impact of the GST was $3.6 million. An agreement reached between the federal and provincial governments regarding the Corporation's GST status meant MPIC did not pay the full tax rate until January 1, 1992.

Expenses not related to claims increased to $51.5 million from $47.2 million. Higher employee compensation costs, mainly due to length-of-service salary increments, as well as premium taxes paid to the province and commissions paid to brokers, accounted for most of the increase. Premium taxes and commissions vary according to premium revenue.

Claims Service — Our Commitment to Manitobans

Even when an accident does not result in an injury, it is a traumatic experience — and helping to ease this is part of a claims adjuster's role. Our claims satisfaction surveys, which regularly measure our performance with customers, show that 90 per cent of claimants were satisfied with the service they received. Moreover, such surveys show us quickly when we need to respond to situations where service does not measure up.

PERSPECTIVE

'Interlake.' The word, logically enough, means 'between the lakes.' But what lakes! To the east, Lake Winnipeg, the 12th-largest body of fresh water in the world. To the west, Lakes Winnipegosis and Manitoba, 12th and 14th, respectively, on 'Canada's largest' list.

Selkirk, for many, is the stopping-off point before heading north to the farms and lakeside resorts of this area. We first established a claims office in this town of 10,000 in the first year of our operations to serve all of the south and central Interlake, plus the eastern beaches of Lake Winnipeg.

As a regional service centre, about 6,600 Autopac claims were opened this year through Selkirk. While this is a decrease from previous years, it does not result from a drop in the number of accidents.

The change reflects the opening, in March and May respectively, of two new claims offices — one in the central-Interlake community of Arborg, and another in Beausejour to serve the eastern part of the province. Both areas were formerly covered by Selkirk-based road adjusters.

Arborg serves the recreational and agriculturally-based operations of the central and north Interlake. We took a careful look at customer convenience, population and, historically, where claims came from, before determining that Arborg would be the home of a new claims office.

By opening an office in Arborg, we made service more accessible for customers in that area, and relieved pressure in the Selkirk office. And this service enhancement was accomplished in an efficient way simply by moving to the communities we serve.

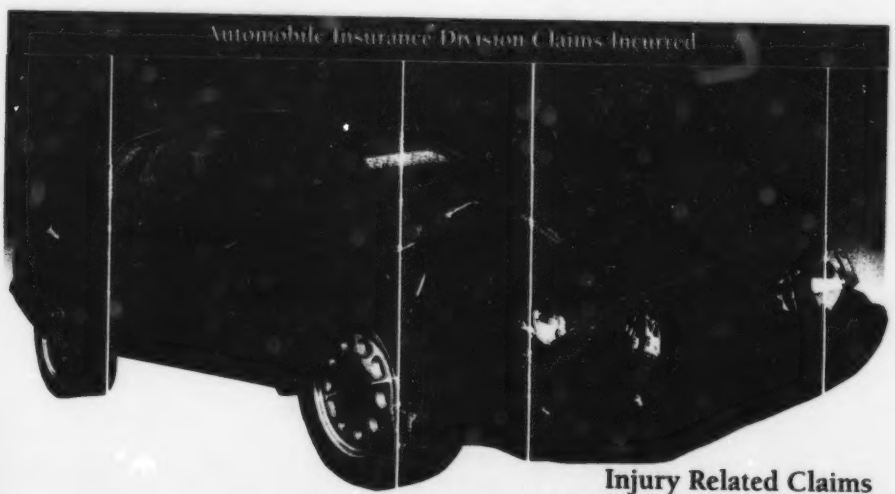
In Selkirk and Arborg, 21 helpful MPIC people are ready to serve motorists of the Interlake.

Settling claims quickly, fairly and with appropriate cost control are the principal objectives of our Claims Department. This year, we took steps to make this service more convenient and responsive to the needs of motorists.

Enhancing service for customers in the Interlake and eastern Manitoba regions was the primary reason for opening new claims offices in Arborg and Beausejour this year.

These offices are the first since 1978 to be established in towns not already served by permanent claims centres. Both offices were located in existing buildings now leased by the Corporation.

In April, 1990, MPIC also opened a new Winnipeg Physical Damage Centre, adjacent to the Corporation's holding compound. This indoor facility means fast, accurate estimates of extensively-damaged vehicles can be completed, regardless of weather conditions.



Injury Related Claims	$138,372
Property Related Claims	$146,002
TOTAL ($000)	$284,374

While claims costs rose by $15.6 million from the previous year, the number of claims remained relatively stable at about 176,700. Comprehensive and glass claims, including vandalism-related incidents, increased by about nine per cent each, while theft from vehicles rose by more than 12 per cent.

One of the ways in which the Corporation is working to control vehicle damage claims costs is to make greater use of recycled automotive parts whenever possible. Recycled parts are about half the cost of new components and, to ensure quality, MPIC and the parts suppliers offer warranties on each part.

Our recycled parts program, expanded this year after a successful introduction in Winnipeg, ensures estimators can quickly find out if the appropriate part is available.

PERSPECTIVE

Take the word 'playground' literally. Eastern Manitoba is where many Manitobans come to enjoy life — in lake-dotted provincial parks like Whiteshell and Nopiming, on the rushing rapids of the Bloodvein River, or at any one of the dozens of pioneer museums in the region.

Steinbach, with its rich Germanic heritage, is the home of a spectacular living 'display' — the Mennonite Heritage Village. This 40-acre recreation of a late 19th-century village draws visitors from across the West.

Steinbach, as the home of nearly a dozen car dealerships, draws motorists for this reason as well. But it's the town's role as a regional centre for all of eastern Manitoba that prompted MPIC, in the early 1970's, to establish a claims office in the 'Automobile City.'

With 14 employees and a territory that stretches from the farmlands of the Red River Valley to the bush country of the Whiteshell, this centre keeps up a steady pace of claims handling. In 1989, a new drive-through centre was officially opened.

Until this year, most of the northern part of this territory was served by road adjusters from our Selkirk office. In early summer, we made claims service more accessible to people in this region by opening a Beausejour office. Together, Beausejour and Steinbach centres this year handled nearly 7,600 claims.

Customers' opinions are important to us. Regularly, we ask randomly-selected claimants in this region — and in all areas — to tell us how well we handled their claims.

By measuring our performance this way, we are able to target areas that need improvement. This is the way we do business in eastern Manitoba — and all across the province.

Rehabilitation, Co-operation Our Goals

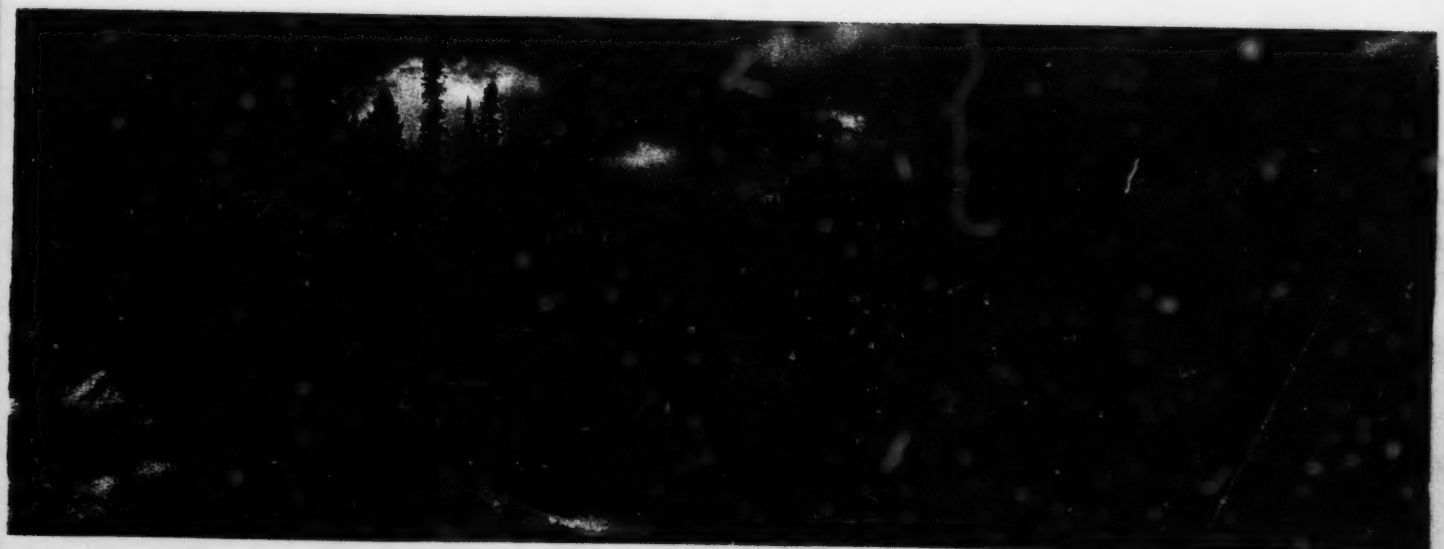
The cost of injury claims continued to increase at a faster pace than damage claims. Higher settlements for these types of claims, as well as the increasing cost of medical treatments and related expenses, contributed to the rise. Because the treatment of an injury is usually more expensive than the repair of damage to a vehicle or other property, the average cost of an injury claim is typically higher than other types of claims.

Overall, there were 17,160 injury claims filed during 1990/91, an increase of nearly 900 from the previous year. Total injury-related claims costs were $138.4 million, an increase of $12.0 million.

One way to help mitigate the cost of these claims is through rehabilitation. Basic Autopac coverage provides up to $100,000 per claimant for rehabilitation equipment and services. This assistance is often crucial in assisting accident survivors to again become fully-productive members of society.

We are also responding by co-operating with groups like the Manitoba Head Injury Association and Canadian Paraplegic Association, which work on behalf of people injured in automobile accidents. Sharing knowledge and expertise with these organizations helps our injury adjusters better understand the needs of people who suffer traumatic or catastrophic injuries in vehicle accidents.

Terri Bigularski is one of many people assisted in adapting to a new lifestyle through the Winnipeg Rehabilitation Hospital's Spinal Cord Injury Program. As part of our commitment to focus on rehabilitation, MPIC presented a power wheelchair to assist Manitobans injured in vehicle and other accidents. Dr. Hy Dubo (left) and Jack Zacharias, MPIC Vice-President, Claims, look on.



Just a simple "click" can make the difference — no matter how brief the ride.

Injury claims are coming in for special attention through community-focussed service. More injury claims are handled at claims centres, often by the same adjuster who deals with an associated damage claim. This decentralization is convenient for customers and enables adjusters to get a better perspective of the claimant's complete Autopac insurance needs.

Another method of keeping costs in check is by ensuring that abuse of the claims system, which ultimately costs all motorists, is minimized. To do this, we call upon independent investigators or medical specialists to identify and discourage fraudulent claims.

Sharing the Road Safely — Traffic Safety Plus!

In the 20 years since MPIC was established, we have committed more and more resources to prevent vehicle accidents. The logic is simple: fewer accidents mean fewer injuries and fatalities and less suffering for the victims of accidents, their families and friends. And logically, reducing the number of accidents also helps cut down on the number and cost of insurance claims.

PERSPECTIVE

The largest concentration of people — and vehicles — is in the provincial capital, Winnipeg. Expanding outwards from an ancient meeting place at the forks of the Red and Assiniboine rivers, Winnipeg has become the economic heart of the province.

The city has housed the administrative centre of MPIC since the beginning. Shortly before motorists purchased the first Autopac policies in late 1971, a downtown office was established. On 'opening day' — November 1, 1971 — a temporary claims centre was ready for business in a converted supermarket in the south end.

Shortly afterwards, three brand-new claims centres, in north, south and west Winnipeg, opened to serve all areas of the city. Since the early days, we have added two more claims centres, in the south-central area in 1975 and in north-central Winnipeg in 1985.

The specialized commercial vehicles claims centre and holding compound was completed in 1977 on Plessis Road — actually in a municipality adjoining Winnipeg. A new Physical Damage Centre on the same site was opened this year for use as an indoor estimating, training and research facility.

In Winnipeg, about 940 people work on behalf of the public in claims centres and administrative offices — last year, nearly 115,000 claims were handled in the city.

As in smaller communities, MPIC's people are actively involved in industry organizations and community service efforts throughout the city. For example, the employee Winnipeg area United Way campaign and special events this year raised nearly $35,000.

With nearly half of our more than 400 Autopac agencies located in Winnipeg, you won't go too many blocks without spotting an 'Autopac' sign. Independent insurance brokers, before being appointed as agents to sell Autopac or SRE, must meet high standards of service to the public. This attention to service pays off — in Winnipeg and all areas of the province, our success shows that the public look upon agents as trusted advisors.

MPIC safety programs are directed at all age groups, but we have a special concern for children and young adults. Children often suffer severe injuries in auto accidents because someone neglected to take the simple step of making sure they used a seat belt or were strapped into an approved car seat.

Our Traffic Safety and Community Relations people fanned out to community events and gatherings across the province this year to remind adults about that important responsibility. Just a simple "click" can make the difference — no matter how brief the ride. Transport Canada statistics show correctly-used car seats reduce the chance of an infant's death in traffic mishaps by 90 per cent — and the chance of injury is reduced by 70 per cent!

We extend the reach of traffic safety programs by working with groups that have similar interests. RCMP officer Cst. Redd Oosten introduces Dayna Kroeker to 'KC 1' and 'KC 2,' talking mini-cars partially-funded by MPIC to bring the traffic safety message to kids.

MPIC's Sandy Burke and Oakbank Autopac agents Norv and Arline Christopherson serve non-alcoholic punch at Winnipeg's First Night Festival. The New Year's Eve celebration is 'dry,' — MPIC volunteers serve punch and the Corporation sponsors free bus services to help reduce drinking and driving.

Recent surveys show more than 70 per cent of adult Manitoba drivers and passengers now use seat belts. Even though that's a far cry from 20 years ago, when the percentage was in the single digits, we still have a long way to go. Today, MPIC is working with the police who enforce seat belt laws, and other safety groups, to increase the usage to 95 per cent by 1995.

As wel' as encouraging good safety habits early in life, MPIC follows through with initiatives directed at bicycle riders, young motorists, professional drivers and the general public. We also make it possible, through a grant program which this year distributed $82,000 to many groups — like the Manitoba Safety Council, to operate a wide range of safety programs which complement those offered by MPIC.

Maintaining and diversifying these links is high on our agenda. In a new initiative this year, for example, we supported a Manitoba group that has created an innovative participatory theatre presentation designed to show young people alternatives to drinking and driving.

A Vision for the Future

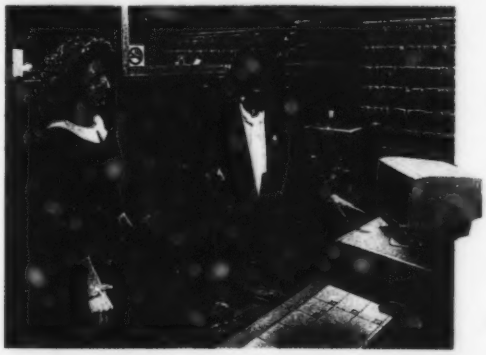
Putting customers' interests first is one of our key corporate values at MPIC. With a customer base consisting of more than 700,000 vehicle owners whose needs are diverse and changing, this is, indeed, a challenge.

MPIC's 'Seat Belts Save Lives' safety message was seen by tens of thousands who attended the World Junior Baseball Championship in Brandon last July. Volunteers from the Corporation played key roles in organizing this event.

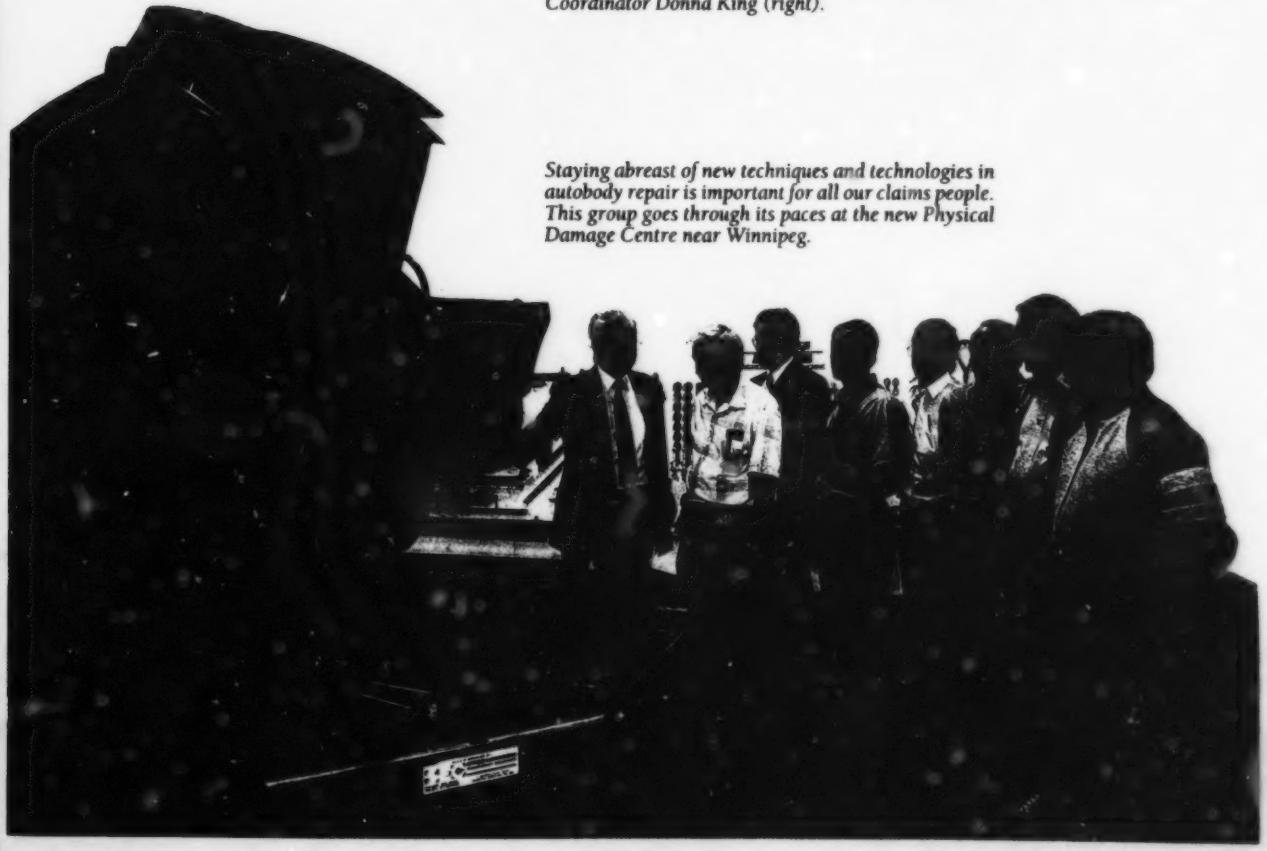
This year, we began work on a comprehensive program which will respond to three significant concerns that need to be addressed.

To enable our agents to spend more time assisting customers who purchase vehicle insurance, we plan to implement a system to stagger Autopac renewals throughout the year. Also, coinciding with this major service improvement, we will offer more flexible premium payment options to customers. Finally, to improve the system's fairness, we are working to make the calculation of premiums and refunds to motorists who no longer require coverage more equitable.

Achieving these goals requires an investment in updated computer systems and training for staff and agents. While implementation of the entire program will take several years, we began laying the groundwork for these improved services during 1990/91.



'Excellence and innovation' are part of our corporate values — training and educational opportunities help make these tangible. Terry Knight and Christine Weiss of Ryan Gateway Insurance Brokers Winnipeg Square branch work with MPIC Agency Development Coordinator Donna King (right).



Staying abreast of new techniques and technologies in autobody repair is important for all our claims people. This group goes through its paces at the new Physical Damage Centre near Winnipeg.

Divestiture Completed

In 1990/91, MPIC completed the divestiture of the General Insurance Division's personal and commercial lines business.

The Corporation discontinued writing these lines of business effective October 1, 1990. While all of MPIC's personal and commercial policies expired as of September 30, 1991, the Corporation will continue to pay outstanding claims.

A combined net loss of $2.3 million was recorded for discontinued commercial and personal lines and for reinsurance assumed operations, from which the Corporation withdrew in 1987. Unfavorable claims experience mainly accounts for the loss.

Claims incurred and claims expenses increased from $5.9 million to $6.5 million while premiums earned fell from $13.7 million to $5.6 million.

Special Risk Extension

The Special Risk Extension (SRE) department in Brandon offers specialized insurance products for automobiles, commercial vehicles and off-road vehicles.

In 1990/91, SRE net income declined to $7.3 million from $9.8 million in 1989/90. A decrease in premiums written from $21.5 million to $19.7 million partly accounted for this decline.

PERSPECTIVE

Western Manitoba is where the 'mountains' meet the plains. Baldy Mountain, in Duck Mountain Provincial Park, is the highest point in the province at 832 metres.

MPIC has two claims centres in the northern part of this territory. Our Dauphin office was established in the first year of the Corporation's operations. Six years later, a small office was opened in Swan River to serve motorists as far north as Birch River and Mafeking on #10, Manitoba's main north-south highway. Just two years ago, a new drive-in claims centre was built in Swan River.

Some of the Corporation's 20 employees in the area also travel extensively to provide scheduled road adjuster service out of these offices to 15 communities and many others on an as-needed basis.

The high parklands meet the plains and the rolling hills of the southwestern corner of the province. Nestled here, in the grand valley of the Assiniboine, is Brandon. The province's second largest city has been the home of an MPIC claims centre since the first year of public insurance in Manitoba.

Brandon is unique in also housing the second-largest complement of MPIC staff — more than 100 people. As well as making Autopac claims service available throughout the southwest corner of the province, Brandon handles all out-of-province claims. Last year, about 21,400 claims were processed by this office.

The Brandon building also accommodates the principal operations of our Special Risk Extension Department. Coverages for large commercial fleets and all-terrain vehicles are two examples of the specialized protection offered by SRE.

Brandon MPIC staff volunteer their time for many community causes. Last July, many helped with the World Youth Baseball Championship, an international competition won — with the help of 100,000 cheering Westman fans — by the home team!

Increased competition in the commercial market, as well as trucking firms reducing the size of their fleets, are among the factors reducing premium income.

Claims costs increased from $10.9 million in 1989/90 to $14.3 million in 1990/91.

SRE Transfer to Automobile Division

With the divestiture of personal and commercial lines in 1990, SRE was the only continuing line of business in the General Insurance Division. In August of 1991, the Board of Directors approved the transfer of SRE to the Automobile Insurance Division, effective November 1, 1991.

The transfer will simplify financial reporting and create opportunities for more effective management of the SRE portfolio. As well, the consolidation will enable full integration of the Corporation's automobile product lines.

The transfer to the Automobile Insurance Division will include the SRE unearned premium portfolio as well as SRE retained earnings of $5 million. The remaining SRE retained earnings will be used to offset a Province of Manitoba $32.2 million receivable which was to cover past reinsurance assumed losses. This effectively relieves Manitoba taxpayers of this liability.

A road through Duck Mountain Provincial Park puts to rest the misconception that Manitoba's highways all lead beyond the flat horizon of a prairie landscape.

Claims centres and administrative offices in manitoba

Provincial Addresses

1. **Arborg Claims Centre**
   Interlake Mall, Hwy. #68
   R0C 0A0
   376-5815
2. **Beausejour Claims Centre**
   810 Park Avenue
   R0E 0C0
   268-4250
3. **Brandon Head Office/Claims Centre**
   731-1st Street R7A 6C3
   729-9400 (head office)
   729-9555 (claims centre)
   1-800-852-2743 (Brandon rural)
4. **Dauphin Claims Centre**
   217 Industrial Road R7N 2V5
   638-5111
5. **Flin Flon Claims Centre**
   8 Timber Lane Road R8A 1M9
   687-7563
6. **Portage la Prairie Claims Centre**
   2007 Saskatchewan Avenue West
   R1N 3J9
   857-9751
7. **Selkirk Claims Centre**
   630 Sophia Street R1A 2K1
   482-3839
8. **Steinbach Claims Centre**
   91 North Front Drive R0A 2A0
   326-4453
9. **Swan River Claims Centre**
   125-4th Avenue North R0L 1Z0
   734-4574
10. **The Pas Claims Centre**
    424 Fischer Avenue R9A 1R5
    623-6487
11. **Thompson Claims Centre**
    53 Commercial Place R8N 0B6
    778-7351
12. **Winkler Claims Centre**
    600 Memorial Drive R0G 2X0
    325-9538

13. **Winnipeg Addresses**

Winnipeg Bodily Injury Claims Centre
832-330 Graham Avenue
R3C 4A4
985-7333

Winnipeg Administrative Office
9th Floor, 330 Graham Avenue
R3C 4A4
985-7000

Winnipeg Public Enquiries (for all Manitoba)
820-330 Graham Avenue
R3C 4A4
985-7222 (collect)

North Winnipeg Claims Centre
445 King Street
R2W 5H2
985-7909

West Winnipeg Claims Centre
124 King Edward Street East
R3H 0V9
985-8933

South Winnipeg Claims Centre
930 St. Mary's Road
R2M 4A8
985-8668

South Central Winnipeg Claims Centre
420 Pembina Highway
R3L 2E9
985-7884

North Central Winnipeg Claims Centre
1103 Pacific Avenue
R3E 1G7
985-8818

Winnipeg Commercial Vehicles Claims Centre
1981 Plessis Road
R2C 5C7
985-7877

1991 *Financial Statements*

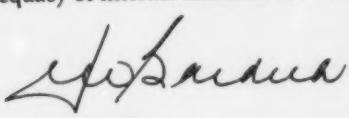
Responsibility for Financial Statements

The management of The Manitoba Public Insurance Corporation is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in conformity with accounting principles generally accepted in Canada and reviewed and approved by the Audit Committee of the Board of Directors and the Board of Directors. The statements have been examined by Peat Marwick Thorne, independent external auditors, whose opinion is included herein.

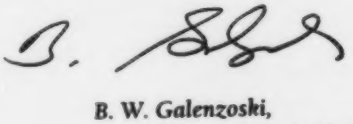
The preparation of the financial information contained in the annual report, necessarily involved the use of certain estimates and judgements which have been reached based on careful assessment of data available through the Corporation's information systems.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Corporation. Management maintains an extensive system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis by an Internal Audit Department.

The Audit Committee of the Board of Directors meets periodically with financial officers of the Corporation and auditors. The auditors have free access to this committee, with and without management present, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.



J. W. *Bardua,*
President and General Manager
December 13,1991



B. W. *Galenzoski,*
Vice-President, Finance & Administration

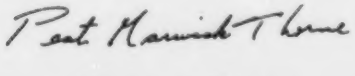
Auditors' Report

The Board of Directors
The Manitoba Public Insurance Corporation

We have audited the balance sheet of The Manitoba Public Insurance Corporation as at October 31, 1991 and the statements of operations and of retained earnings for the Automobile Insurance Division and the General Insurance Division and the statement of changes in cash and short-term investments for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at October 31, 1991 and the results of its operations and the changes in its cash and short-term investments for the year then ended in accordance with generally accepted accounting principles.



Peat Marwick Thorne
Chartered Accountants

Winnipeg, Canada
December 13, 1991

Report of the Property-Casualty Valuation Actuary

I, David J. Oakden, am associated with Tillinghast, a Towers Perrin Company. I am a Fellow of the Canadian Institute of Actuaries and the Casualty Actuarial Society. My firm has been retained by the Manitoba Public Insurance Corporation, and I have been assigned to review the policy and claim liabilities of the Manitoba Public Insurance Corporation.

I have made a valuation of the policy and claim liabilities listed below, for the Manitoba Public Insurance Corporation, for its balance sheet at October 31, 1991.

Automobile Insurance Division	
Unearned Premiums	$ 113,429,000
Unpaid Claims	$ 406,125,000
Deferred Premium Acquisition Costs	$ 9,352,000
General Insurance Division	
Unearned Premiums	$ 8,004,000
Unpaid Claims	$ 65,779,000
Deferred Premium Acquisition Costs	$ 1,123,000

My review was limited to the liability items shown herein and did not include an analysis of any other balance sheet items.

This opinion is being rendered with respect to policy and claim liabilities net of ceded reinsurance. I have not anticipated any contingent liability which would arise if any of the reinsurers prove unable to meet their loss and loss adjustment expense obligations under terms and conditions of their contracts with the Manitoba Public Insurance Corporation.

In my opinion (i) the valuation conforms to the Recommendations for Property-Casualty Insurance Company Financial Reporting of the Canadian Institute of Actuaries, and (ii) the amount of the policy and claim liabilities (as shown above) makes proper provision for the future payments under the Corporation's policies.

David J. Oakden

David J. Oakden,
F.C.I.A., F.C.A.S.
December 4,1991

Automobile Insurance Division
Statement of Operations

	Year Ended October 31	
	1991	1990
	(in thousands of dollars)	
REVENUE		
Premiums written	$ 326,016	$ 308,099
Premiums earned	$ 320,674	$ 304,624
Investment income	59,674	57,556
Total earned revenues	380,348	362,180
CLAIMS COSTS		
Claims incurred	284,374	268,857
Claims expense	36,299	36,229
	320,673	305,086
EXPENSES		
Operating	25,336	22,386
Commissions	16,444	15,568
Premium taxes	9,754	9,276
	51,534	47,230
Total claims and expenses	372,207	352,316
INCOME FOR THE YEAR	$ 8,141	$ 9,864

General Insurance Division - Statement of Operations

	Year Ended October 31 1991	1990
	(in thousands of dollars)	
REVENUE		
Premiums written	$19,732	$21,542
Premiums earned	$20,166	$20,766
Investment income	6,885	5,819
Total earned revenues	27,051	26,585
CLAIMS COSTS		
Claims incurred	13,058	10,565
Claims expense	1,225	337
	14,283	10,902
EXPENSES		
Operating	2,707	3,065
Commissions	2,130	2,210
Premium taxes	623	645
	5,460	5,920
Total claims and expenses	19,743	16,822
Income before discontinued operations	7,308	9,763
Income (loss) from discontinued operations (Note 11)	(2,269)	1,332
INCOME FOR THE YEAR	$ 5,039	$11,095

Balance Sheet
Assets

	October 31 1991	1990
	(in thousands of dollars)	
Cash and short-term investments (Note 4)	$ 125,474	$ 99,046
Accounts receivable (Note 5)	40,806	40,836
Prepaid expenses and inventories	582	952
Deferred premium acquisition costs	10,475	11,706
Investments (Note 14)	514,340	478,588
Receivable from Province of Manitoba (Note 6)	—	32,193
Property and equipment (Note 7)	22,772	18,714
Organizational and deferred development costs	1,359	721
	$ 715,808	$ 682,756

Approved by the Board:

Acting Chairperson

Director

Liabilities and Retained Earnings

	October 31 1991	1990
	(in thousands of dollars)	
LIABILITIES		
Automobile Insurance Division		
Accounts payable and accrued liabilities	$ 18,721	$ 17,328
Provision for pension	32,917	28,760
Unearned premiums	113,429	108,086
Provision for unpaid claims	406,125	359,674
	571,192	513,848
General Insurance Division		
Accounts payable and accrued liabilities	5,931	6,057
Provision for pension	5,221	4,562
Unearned premiums	8,004	14,226
Provision for unpaid claims	65,779	65,369
	84,935	90,214
	656,127	604,062
RETAINED EARNINGS		
Automobile Insurance Division	49,467	41,326
General Insurance Division	10,214	37,368
	59,681	78,694
	$ 715,808	$ 682,756

Automobile Insurance Division - Statement of Retained Earnings

	Year Ended October 31	
	1991	1990
	(in thousands of dollars)	
Unappropriated:		
Income for the year	$ 8,141	$ 9,864
Transfer to reserve for rate stabilization	(8,141)	(9,864)
	—	—
Appropriated:		
Reserve for rate stabilization:		
Balance at beginning of year	41,326	31,462
Transfer from unappropriated retained earnings	8,141	9,864
Balance at end of year	49,467	41,326
RETAINED EARNINGS AT END OF YEAR	$ 49,467	$ 41,326

General Insurance Division - Statement of Retained Earnings

	Year Ended October 31	
	1991	1990
	(in thousands of dollars)	
Balance at beginning of year:		
Special risk extension	$ 35,348	$ 25,585
Discontinued operations	2,020	688
	37,368	26,273
Income (loss) for the year:		
Special risk extension	7,308	9,763
Discontinued operations	(2,269)	1,332
	5,039	11,095
Balance at end of year:		
Special risk extension (Note 13)	42,656	35,348
Reduction in Receivable from Province of Manitoba (Note 6)	(32,193)	—
	10,463	35,348
Discontinued operations	(249)	2,020
	$ 10,214	$ 37,368

Statement of Changes in Cash and Short-Term Investments

	Year Ended October 31	
	1991	1990
	(in thousands of dollars)	
RESOURCES PROVIDED FROM (APPLIED TO) OPERATIONS		
Income for the year from continuing operations	$ 15,449	$ 19,627
Non-cash items:		
Depreciation and amortization	2,595	2,806
Amortization of bond discount and premium	(1,220)	(974)
	16,824	21,459
Discontinued operations	(1,569)	(2,056)
Accounts receivable	(1,238)	(3,671)
Prepaid expenses and inventories	377	61
Deferred premium acquisition costs	(342)	(513)
Accounts payable and accrued liabilities	1,059	2,755
Provision for pension	4,440	4,603
Unearned premiums	4,908	4,250
Provision for unpaid claims	50,853	40,817
	75,312	67,705
RESOURCES PROVIDED FROM (APPLIED TO) INVESTING ACTIVITIES		
Acquisition of property and equipment, net of proceeds from disposals	(6,228)	(4,629)
Purchase of investments	(72,422)	(76,032)
Proceeds from sale of investments	10,216	15,309
Change in organizational and deferred development costs	(873)	(126)
	(69,307)	(65,478)
INCREASE IN CASH AND SHORT-TERM INVESTMENTS	6,005	2,227
Cash and short-term investments at beginning of year	81,544	79,317
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR (NOTE 4)	**$ 87,549**	**$ 81,544**

1. *STATUS OF THE CORPORATION*

The Manitoba Public Insurance Corporation was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974 The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180 of the continuing consolidation of the Statutes of Manitoba). In 1988 the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba.

Under the provisions of its Act and regulations, the Corporatio' operates an automobile insurance division and a general insurance division. The automobile insurance division provides universal compulsory automobile insurance and extension coverage upon such terms and conditions as may be prescribed by the regulations. The general insurance division insures special risk extension coverage. For financial accounting purposes, the automobile insurance division and the general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies.

2. *BASIS OF REPORTING*

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with generally accepted accounting principles.

3. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Deferred Premium Acquisition Costs
Commissions and premium taxes are charged to expense over the terms of the insurance contracts to which such costs relate.

Investments
Investments are carried at amortized costs. The applicable discounts or premiums are amortized over the life of the investment. Funds available for investments are invested by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of The Manitoba Public Insurance Corporation Act. Gains and losses realized on the disposal of investments are recognized on the date of sale.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates which will amortize the cost of each asset over its estimated useful life at the following annual rates:

Buildings	2.5%
Equipment:	
• Data processing	33.3%
• Automotive	20.0%
• Other	10.0%
Land improvements	4.0%

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Organizational and Deferred Development Costs
The costs of organizing or re-organizing major computer programs which are expected to be of continuing benefit to the Corporation are deferred to future periods. These organizational and computer program expenditures are stated at cost net of accumulated amortization and are amortized on a straight line basis at the rate of 10% per year.

Pension Plan
The employees of the Corporation are subject to the Civil Service Superannuation Act. Included in the accounts is a provision for the full funding of the employer's future pension liability calculated on an indexed basis, based on the most recent actuarial valuation at December 31, 1989. Experience gains and losses are amortized over the expected average remaining service life of the employee group.

Severance Pay
Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and Corporation policy. The liability for severance pay was based on an actuarial valuation at October 31, 1988. This actuarial valuation and increases to the liability resulting from employees reaching the prescribed threshold are amortized over the expected average remaining service life of the employee group.

Unearned Premiums
The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Provision for Unpaid Claims
The provision for unpaid claims includes reported unpaid claims, unreported claims and claims adjusting costs for reported and unreported claims.

Long term disability claims are recorded on a discounted basis to reflect the time value of money.

Premium Deficiencies
A premium deficiency exists when future claims and expenses exceed unearned premiums. In calculating a premium deficiency, the Corporation recognizes anticipated investment income.

Allocation of Revenue, Claims Incurred and Expenses
Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Investment income has been allocated to the automobile and general insurance divisions based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile and general insurance divisions on the following basis:

i) Identifiable direct expenses are charged to each division.

ii) Where direct allocation is not possible, expenses are prorated to each division based on factors such as space, number of employees, time usage, etc. The formulas developed for the allocation of expenses are approved by the Board of Directors.

Reinsurance Ceded
The financial statements are prepared net of ceded reinsurance.

Foreign Currency Translation
Monetary items are adjusted to reflect the exchange rate in effect at the year-end. Revenue and expense items are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

Reserve for Rate Stabilization
The reserve for rate stabilization is intended to protect motorists from rate increases made necessary by abnormally high losses arising from non-recurring events or factors.

4. *CASH AND SHORT-TERM INVESTMENTS*

	1991	1990
	(in thousands of dollars)	
Cash and short-term investments	$ 87,549	$ 81,544
Investments maturing within one year	37,925	17,502
	$ 125,474	$ 99,046

At October 31, 1991 the Corporation has committed $33.0 million (1990 - $25.4 million) for the purchase of various long term securities.

5. *ACCOUNTS RECEIVABLE*

	1991		1990	
	Subrogation	Other	Subrogation	Other
	(in thousands of dollars)			
Accounts receivable	$16,141	$40,139	$16,752	$38,651
Less allowance for doubtful accounts	13,620	1 854	12,565	2,002
	$ 2,521	$38,285	$ 4,187	$36,649

6. *RECEIVABLE FROM PROVINCE OF MANITOBA*

The Province of Manitoba, in the Appropriation Act, 1988, authorized the funding of the October 31, 1987 deficit of the General Insurance Division's discontinued reinsurance assumed operations in the amount of $32,193,000. The Corporation has determined that the provincial funding will not be required and with the concurrence of the Province of Manitoba has removed the receivable of $32,193, 000 and adjusted the General Insurance Division retained earnings accordingly.

7. PROPERTY AND EQUIPMENT

	1991			1990
	Cost	Accumulated Depreciation and Amortization	Net	Net
	(in thousands of dollars)			
Land	$ 1,403	$ —	$ 1,403	$ 1,403
Land improvements	2,401	176	2,225	2,143
Buildings	14,619	3,045	11,574	9,510
Equipment	13,962	7,578	6,384	4,604
	32,385	10,799	21,586	17,660
Leasehold improvements	2,709	1,523	1,186	1,054
	$35,094	$12,322	$22,772	$18,714

8. REINSURANCE

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at October 31, 1991, these reinsurance agreements limit the Corporation's exposure to a maximum amount of $1,000,000 on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $4,500,000. These arrangements protect the Corporation against losses up to $130,000,000 combined for the Automobile Insurance Division and the General Insurance Division.

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policyholders remains with the Corporation.

9. LEASE COMMITMENTS

The Corporation is committed to make payments during the next six years on buildings leased for periods of more than one year. The aggregate annual rental of the commitments under the leases, which expire at varying dates to April 30, 1997, are:

1991/92	$1,796,000
1992/93	1,808,000
1993/94	1,809,000
1994/95	1,811,000
1995/96	192,000
Balance to expiry	23,000

10. DISCOUNTED CLAIMS RESERVES

The provision for unpaid claims includes $16.8 million (1990 - $15.7 million) in unpaid long term disability claims. This provision is discounted to reflect the time value of money.

11. DISCONTINUED GENERAL INSURANCE OPERATIONS

The Corporation discontinued writing reinsurance assumed business effective November 18, 1987 and personal and commercial insurance policies effective October 1, 1990. Claims costs and expenses will continue to be incurred until all claims on existing treaties and policies are settled. For the year ended October 31, 1991 the results of discontinued operations are:

	1991	1990
	(in thousands of dollars)	
Premiums written	$ (194)	$ 11,664
Premiums earned	$ 5,593	$ 13,653
Investment income	3,108	3,309
Total earned revenues	8,701	16,962
Claims incurred	5,700	4,697
Claims expense	814	1,181
Operating expenses	2,722	3,763
Commissions	1,454	3,373
Premium taxes	280	693
Total claims and expenses	10,970	13,707
Income (loss) before disposal costs	(2,269)	3,255
Disposal costs	—	1,923
Income (loss) from discontinued operations	$ (2,269)	$ 1,332

The major liability for discontinued operations included in the balance sheet at October 31,1991 is a provision for unpaid claims of $45.1 million (1990 - $49.1 million). There are sufficient investments and other assets to provide for the liability.

12. COMPARATIVE FIGURES

For comparative purposes, certain 1990 balances have been reclassified to conform with the 1991 financial statement presentation.

13. SUBSEQUENT EVENT

Effective November 1, 1991 the Special Risk Extension unearned premium portfolio and retained earnings of $5.0 million reported in the General Insurance Division will be transferred to the Automobile Insurance Division. The transfer will include related assets and liabilities. Claim costs and expenses related to business prior to November 1, 1991 will continue to be reported in the General Insurance Division.

14. INVESTMENTS

Description of Securities		Par Value	Book Value
Federal:			
	Government of Canada	$35,000,000	$34,669,000
Provincial:			
	Province of Manitoba	80,282,000	80,658,000
	Manitoba Hydro	11,504,000	11,076,000
	Manitoba Telephone System	19,419,000	19,251,000
	BC Hydro & Power	7,600,000	7,146,000
	Province of Saskatchewan	7,000,000	6,807,000
	Ontario Hydro-Electric Commission	4,500,000	4,137,000
	Ontario Hydro	32,000,000	29,851,000
	Province of Quebec	7,000,000	6,959,000
	Quebec Hydro	28,000,000	27,455,000
	Province of New Brunswick	5,000,000	4,652,000
	Newfoundland Municipal Financial Corporation	1,250,000	1,250,000
		203,555,000	199,242,000
Muncipal:			
	City of Brandon	1,853,000	1,846,000
	City of Flin Flon	3,192,000	3,192,000
	City of Portage La Prairie	3,788,000	3,784,000
	Metro Corporation of Greater Winnipeg	255,000	218,000
	City of Winnipeg	63,541,000	58,268,000
	Town of Altona	314,000	314,000
	Town of Beausejour	216,000	216,000
	Town of Birtle	148,000	148,000
	Town of Boissevain	11,000	10,000
	Town of Carberry	110,000	110,000
	Town of Carman	478,000	478,000
	Town of Dauphin	522,000	522,000
	Town of Deloraine	396,000	396,000
	Town of Emerson	357,000	357,000
	Town of Gimli	377,000	377,000
	Town of Gladstone	123,000	123,000
	Town of Grandview	139,000	139,000
	Town of Killarney	129,000	129,000
	Town of Melita	240,000	240,000
	Town of Minnedosa	89,000	89,000
	Town of Morden	201,000	201,000
	Town of Morris	195,000	195,000
	Town of Neepawa	130,000	130,000
	Town of Rapid City	90,000	90,000
	Town of Rivers	18,000	16,000
	Town of Roblin	398,000	398,000
	Town of Russell	389,000	389,000
	Town of Selkirk	665,000	665,000
	Town of Snow Lake	57,000	57,000
	Town of Steinbach	416,000	416,000
	Town of Stonewall	413,000	413,000
	Town of Swan River	251,000	251,000
	Town of Virden	432,000	432,000

Description of Securities	Par Value	Book Value
Muncipal:		
Town of Winnipeg Beach	22,000	22,000
Village of Arborg	195,000	195,000
Village of Benito	64,000	64,000
Village of Binscarth	60,000	60,000
Village of Crystal City	14,000	14,000
Village of Elkhorn	36,000	36,000
Village of Erickson	40,000	40,000
Village of Ethelbert	6,000	6,000
Village of Gilbert Plains	59,000	59,000
Village of Gretna	98,000	98,000
Village of Hamiota	23,000	23,000
Village of Lac Du Bonnet	94,000	94,000
Village of MacGregor	9,000	9,000
Village of Manitou	193,000	193,000
Village of Minitonas	33,000	33,000
Village of Niverville	145,000	145,000
Village of Notre Dame De Lourdes	452,000	452,000
Village of Pilot Mound	31,000	31,000
Village of Powerview	118,000	118,000
Village of Riverton	6,000	6,000
Village of Rossburn	75,000	75,000
Village of Shoal Lake	236,000	236,000
Village of Somerset	217,000	217,000
Village of Ste. Anne	105,000	105,000
Village of St. Pierre	19,000	19,000
Village of St. Pierre-Jolys	220,000	220,000
Village of Teulon	18,000	18,000
Village of Treherne	100,000	100,000
Rural Municipality of Argyle	103,000	103,000
Rural Municipality of Blanchard	14,000	14,000
Rural Municipality of Brenda	42,000	42,000
Rural Municipality of Brokenhead	211,000	211,000
Rural Municipality of Cartier	435,000	435,000
Rural Municipality of Coldwell	175,000	175,000
Rural Municipality of De Salaberry	9,000	9,000
Rural Municipality of Edward	91,000	91,000
Rural Municipality of Franklin	111,000	111,000
Rural Municipality of Glenella	65,000	65,000
Rural Municipality of Grey	5,000	5,000
Rural Municipality of Hanover	456,000	456,000
Rural Municipality of Harrison	109,000	109,000
Rural Municipality of La Broquerie	432,000	432,000
Rural Municipality of MacDonald	2,153,000	2,153,000
Rural Municipality of Montcalm	125,000	125,000
Rural Municipality of Morris	475,000	475,000
Rural Municipality of North Norfolk	288,000	288,000
Rural Municipality of Pipestone	10,000	10,000
Rural Municipality of Portage La Prairie	71,000	71,000
Rural Municipality of Ritchot	283,000	283,000
Rural Municipality of Rockwood	504,000	504,000
Rural Municipality of Roland	99,000	99,000
Rural Municipality of Siglunes	127,000	127,000

Description of Securities		Par Value	Book Value
Muncipal:			
	Rural Municipality of Springfield	12,000	12,000
	Rural Municipality of Ste. Rose	7,000	7,000
	Rural Municipality of Tache	8,000	8,000
	Rural Municipality of Thompson	13,000	13,000
	Rural Municipality of Victoria Beach	143,000	143,000
	Rural Municipality of Woodlands	244,000	244,000
	Local Government District of Consol	434,000	434,000
	Local Government District of Leaf Rapids	1,213,000	1,213,000
	Local Government District of Fisher	389,000	389,000
	Local Government District of Park	11,000	11,000
		91,488,000	86,164,000
Hospitals:			
	Arborg & District Health Centre	1,316,000	1,316,000
	Baldur Hospital District	105,000	105,000
	Baldur Manor Incorporated	185,000	185,000
	Betel Home Foundation Selkirk	143,000	143,000
	Bethania Mennonite Personal Care Home	1,890,000	1,890,000
	Birtle Health Services District	231,000	231,000
	Boissevain Hospital District	338,000	338,000
	Boyne Valley Hostel Corporation	624,000	624,000
	Brandon General Hospital	422,000	418,000
	Carman Memorial Hospital District	2,002,000	2,002,000
	Dauphin General Hospital	6,000,000	5,875,000
	Dauphin Personal Care Home	207,000	207,000
	De Salaberry Hospital District	81,000	81,000
	Deloraine Hospital District	255,000	255,000
	Ebenezer Home For The Aged	319,000	319,000
	Fairview Home Incorporated	2,300,000	2,251,000
	Flin Flon General Hospital	180,000	180,000
	Flin Flon Personal Care Corporation	510,000	510,000
	Gilbert Plains Health Centre	1,287,000	1,287,000
	Gimli Hospital District	214,000	214,000
	Grace Hospital	274,000	208,000
	Health Sciences Centre	1,700,000	1,675,000
	Hunter Memorial Hospital District	594,000	594,000
	Lakeshore District Health System	1,612,000	1,612,000
	MacGregor Personal Care Home	22,000	22,000
	Manitoba Hospital Capital Financing Authority	1,716,000	1,716,000
	Manoir De St. Claude	80,000	80,000
	McCreary-Alonsa Personal Care Home	39,000	39,000
	Misericordia General Hospital	274,000	274,000
	Morden Hospital District	205,000	205,000
	Mount Carmel Clinic	1,092,000	1,092,000
	North Norfolk MacGregor Medical Nursing Unit	113,000	113,000
	Neepawa Hospital District	93,000	93,000
	Oddfellows & Rebekahs Personal Care Home	145,000	145,000
	Park Manor Personal Care Home	78,000	78,000
	Pinaow Wachi Incorporated	20,000	20,000
	Pine Falls General Hospital	135,000	135,000
	Portage Hospital District	180,000	180,000

Description of Securities	Par Value	Book Value
Hospitals:		
Red River Valley Health District	251,000	251,000
Roblin Health Centre District	320,000	320,000
Rock Lake Health District	535,000	535,000
Rock Lake Personal Care Home	130,000	130,000
Rossburn District Health Centre	395,000	395,000
Rossburn Personal Care Home	218,000	218,000
Russell Hospital District	120,000	120,000
Seven Oaks General Hospital	1,230,000	1,085,000
Shoal Lake Strathclair Health Centre	113,000	113,000
Sisters of St. Joseph Diocese Toronto	441,000	441,000
Sisters Servants of Mary Immaculate	279,000	279,000
Snow Lake Medical Nursing Unit	341,000	341,000
St. Anthony's General Hospital	180,000	180,000
St. Boniface General Hospital	3,415,000	3,372,000
Ste. Anne Hospital District	1,091,000	1,091,000
Ste. Rose General Hospital	282,000	282,000
Stonewall District Health Centre	135,000	135,000
Swan River Hospital District	119,000	119,000
Tabor Senior Citizens Home	392,000	392,000
Tache Nursing Centre	498,000	498,000
The Pas Health Complex Incorporated	488,000	488,000
Thompson General Hospital	663,000	655,000
Tri-Lake Hospital District	21,000	21,000
Victoria-South Norfolk Treherne Hospital District	42,000	42,000
Victoria General Hospital	1,298,000	1,295,000
Wawanesa Personal Care Home	155,000	155,000
Whitemouth Medical Nursing Unit District	22,000	22,000
Winkler General Hospital	30,000	23,000
Winnipegosis General Hospital	100,000	100,000
Winnipegosis-Mossy River Personal Care Home	210,000	210,000
	40,495,000	40,020,000
Schools:		
Agassiz School Division	2,641,000	2,641,000
Antler River School Division	738,000	738,000
Assiniboine South School Division	6,868,000	6,868,000
Beautiful Plains School Division	1,598,000	1,598,000
Birdtail River School Division	958,000	958,000
Brandon School Division	10,464,000	10,464,000
Churchill School Division	42,000	42,000
Dauphin-Ochre School Area	1,570,000	1,570,000
Duck Mountain School Division	893,000	893,000
Evergreen School Division	301,000	301,000
Flin Flon School Division	460,000	460,000
Fort Garry School Division	3,118,000	3,118,000
Fort La Bosse School Division	2,135,000	2,135,000
Frontier School Division	1,429,000	1,429,000
Garden Valley School Division	5,112,000	5,112,000
Hanover School Division	6,023,000	6,023,000
Interlake School Division	1,701,000	1,701,000
Intermountain School Division	975,000	975,000

Description of Securities		Par Value	Book Value
Schools:			
	Kelsey School Division	765,000	765,000
	Lakeshore School Division	292,000	292,000
	Leaf Rapids School District	204,000	204,000
	Lord Selkirk School Division	3,585,000	3,585,000
	Lynn Lake School District	32,000	32,000
	Midland School Division	299,000	299,000
	Morris-MacDonald School Division	760,000	760,000
	Mountain School Division	2,179,000	2,179,000
	Mystery Lake School District	1,726,000	1,726,000
	Norwood School Division	476,000	476,000
	Pelly Trail School Division	1,873,000	1,873,000
	Pembina Valley School Division	1,128,000	1,128,000
	Pine Creek School Division	463,000	463,000
	Portage La Prairie School Division	2,542,000	2,542,000
	Red River School Division	1,023,000	1,023,000
	Rhineland School Division	166,000	166,000
	River East School Division	7,306,000	7,306,000
	Rolling River School Division	2,037,000	2,037,000
	Seine River School Division	10,257,000	10,257,000
	Seven Oaks School Division	7,271,000	7,271,000
	Souris Valley School Division	235,000	235,000
	South Winnipeg Vocational Education Centre	898,000	898,000
	South Winnipeg Technical Centre	770,000	770,000
	St. Boniface School Division	782,000	782,000
	St. James-Assiniboia School Division	3,673,000	3,673,000
	St. Vital School Division	10,415,000	10,415,000
	Swan Valley School Division	712,000	712,000
	Tiger Hills School Division	878,000	878,000
	Transcona-Springfield School Division	8,332,000	8,332,000
	Turtle Mountain School Division	946,000	946,000
	Turtle River School Division	98,000	98,000
	Western School Division	1,922,000	1,922,000
	White Horse Plain School Division	712,000	712,000
	Winnipeg School Division	32,462,000	32,462,000
		154,245,000	154,245,000
		$524,783,000	$514,340,000